

# **BASIC FINANCIAL STATEMENTS**



Statement of Net Assets

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 78,761,739	\$ 16,140,267	\$ 94,902,006
Restricted cash	52,931,834	70,129,520	123,061,354
Investments	3,248,538	3,043,864	6,292,402
Receivables	30,321,178	11,953,198	42,274,376
Prepaid expenses	1,271	983,036	984,307
Internal balances	3,579,449	(3,579,449)	-
Due from City			-
Inventories	709,034	948,083	1,657,117
Total current assets	169,553,043	99,618,519	269,171,562
Noncurrent assets:			
Land held for resale	2,555,000		2,555,000
Capital assets, net of depreciation	303,702,470	586,617,963	890,320,433
Pension asset	16,317,877		16,317,877
Deferred charges, net	1,920,295	2,772,259	4,692,554
Receivables		4,201,679	4,201,679
Other		245,410	245,410
Total noncurrent assets	324,495,642	593,837,311	918,332,953
<b>Total Assets</b>	<b>\$ 494,048,685</b>	<b>\$ 693,455,830</b>	<b>\$ 1,187,504,515</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 18,444,548	\$ 4,745,691	\$ 23,190,239
Retainage payable	252,563	4,085,036	4,337,599
Accrued liabilities	1,013,940	14,343,843	15,357,783
Other liabilities	1,383,690	146,145	1,529,835
Insurance claims payable	835,000		835,000
Due to school district	29,527,581		29,527,581
Accrual for landfill closure	3,214,982		3,214,982
Accrual for pension benefits			-
Unearned revenue	19,090,999	29,969	19,120,968
Taxes collected in advance	29,623,456		29,623,456
Total current liabilities	103,386,759	23,350,684	126,737,443
Noncurrent liabilities:			
Due within one year	16,555,733	14,151,940	30,707,673
Due in more than one year	244,742,757	316,522,488	561,265,245
Other liabilities due in more than one year	16,410,523	4,266,577	20,677,100
Bond premiums (discounts)	19,431,725	(4,431,816)	14,999,909
Total noncurrent liabilities	297,140,738	330,509,189	627,649,927
<b>Total Liabilities</b>	<b>400,527,497</b>	<b>353,859,873</b>	<b>754,387,370</b>
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	114,061,411	278,806,782	392,868,193
Restricted for:			
Coverage account		4,968,879	4,968,879
Manchester Regional Industrial Foundation		4,207	4,207
PFCs		4,468,202	4,468,202
MSDC		5,251,395	5,251,395
Revenue bond O&M		8,129,000	8,129,000
Revenue bond fund		11,861,724	11,861,724
Bond funds - capital improvements		7,542,710	7,542,710
Workmen's compensation	2,388,525	102,075	2,490,600
Cemetery and other trust funds	14,164,429		14,164,429
Library trust funds	2,885,440		2,885,440
Designated for:			
Equipment replacement			-
Land Held for resale			-
Restricted for debt service			-
Unrestricted	(39,978,617)	18,460,983	(21,517,634)
<b>Total Net Assets</b>	<b>\$ 93,521,188</b>	<b>\$ 339,595,957</b>	<b>\$ 433,117,145</b>
See accompanying notes.			

Manchester School District	Component Units	
	Manchester Transit Authority	Manchester Development Corporation
\$ 6,770,491	\$ 940,756	\$ 1,665,978
	630,493	30,238
20,267,127	460,834	864,260
	151,784	
29,527,581		
	184,121	
<u>56,565,199</u>	<u>2,367,988</u>	<u>2,560,476</u>
6,891,998	2,667,411	
<u>6,891,998</u>	<u>2,667,411</u>	<u>-</u>
<b>\$ 63,457,197</b>	<b>\$ 5,035,399</b>	<b>\$ 2,560,476</b>
\$ 1,428,631	\$ 67,912	
15,397,911	35,697	\$ 55,154
1,104,409		
	630,493	
31,902,766	6,883	
<u>49,833,717</u>	<u>740,985</u>	<u>55,154</u>
-		
5,620,105	291,305	
<u>5,620,105</u>	<u>291,305</u>	<u>-</u>
<b>55,453,822</b>	<b>1,032,290</b>	<b>55,154</b>
6,891,998	1,078,867	
39,094		
16,058,820		
(14,986,537)	2,924,242	2,505,322
<u><b>\$ 8,003,375</b></u>	<u><b>\$ 4,003,109</b></u>	<u><b>\$ 2,505,322</b></u>

# Statement of Activities

	Expenses	Program Revenues		
		Charges for Sales and Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
General government	\$ 39,257,227	\$ 14,043,476	\$ 13,272,378	
Public safety	44,575,376	2,586,789	1,375,203	
Health and sanitation	5,043,862	1,584,228	1,815,446	
Highways and streets	21,018,167	5,846,363	3,766,747	
Welfare	1,345,172	94,465		
Education and library	3,466,500	27,420	27,777	
Parks and recreation	5,190,321	1,404,382	506,398	
Cemetery Trust	26,100			
Investment management fee	30,823			
Interest	5,359,441			
Total governmental activities	<u>125,312,989</u>	<u>25,587,123</u>	<u>20,763,949</u>	<u>-</u>
Business-type activities				
Water	13,461,136	13,546,594		\$ 2,451,261
EPD	12,403,517	11,148,848	2,377,826	679,713
Aviation	57,832,875	51,657,611	3,229,750	13,914,058
Recreation	2,967,744	2,317,267	18,000	902,731
Aggregation	75,465	82,938		
Total business-type activities	<u>86,740,737</u>	<u>78,753,258</u>	<u>5,625,576</u>	<u>17,947,763</u>
Total primary government:	<u>\$ 212,053,726</u>	<u>\$ 104,340,381</u>	<u>\$ 26,389,525</u>	<u>\$ 17,947,763</u>
Component units				
Manchester School District	155,458,263	15,763,673	19,079,218	337,094
Manchester Transit Authority	5,850,160	3,206,538	2,315,302	657,054
Manchester Development Corporation	47,340			
Total component units	<u>\$ 161,355,763</u>	<u>\$ 18,970,211</u>	<u>\$ 21,394,520</u>	<u>\$ 994,148</u>
General revenues:				
Property taxes				
Auto registration fees				
Franchise fees				
Unrestricted investment earnings				
Grants and contributions not restricted to specific programs				
Miscellaneous				
Debt reimbursement from MSD				
Donation of land				
Loss on disposal of assets				
Total general revenues				
Change in net assets (deficits)				
Net assets (deficits) - beginning				
Net assets (deficits) - ending				
See accompanying notes.				

**City of Manchester New Hampshire**  
**For the Fiscal Year Ended June 30, 2005**

Net (Expense) Revenue and Changes in Net Assets (Deficits)					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Manchester School District	Manchester Transit Authority	Manchester Development Corporation
\$ (11,941,373)		\$ (11,941,373)			
(40,613,384)		(40,613,384)			
(1,644,188)		(1,644,188)			
(11,405,057)		(11,405,057)			
(1,250,707)		(1,250,707)			
(3,411,303)		(3,411,303)			
(3,279,541)		(3,279,541)			
(26,100)		(26,100)			
(30,823)		(30,823)			
(5,359,441)		(5,359,441)			
<u>(78,961,917)</u>	<u>-</u>	<u>(78,961,917)</u>			
	\$ 2,536,719	2,536,719			
	1,802,870	1,802,870			
	10,968,544	10,968,544			
	270,254	270,254			
	7,473	7,473			
-	15,585,860	15,585,860			
<u>\$ (78,961,917)</u>	<u>\$ 15,585,860</u>	<u>\$ (63,376,057)</u>			
			\$ (120,278,278)		
				\$ 328,734	
					\$ (47,340)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (120,278,278)</u>	<u>\$ 328,734</u>	<u>\$ (47,340)</u>
64,709,146		64,709,146	49,964,738		
15,194,741		15,194,741			
1,158,850		1,158,850			
2,890,053	2,455,431	5,345,484	267,926	15,312	72,257
		-	64,454,458		
		-	169,415		
6,697,790		6,697,790			
	(167,778)	(167,778)			
(886,861)	(2,856,187)	(3,743,048)		8,479	
<u>89,763,719</u>	<u>(568,534)</u>	<u>89,195,185</u>	<u>114,856,537</u>	<u>23,791</u>	<u>72,257</u>
10,801,802	15,017,326	25,819,128	(5,421,741)	352,525	24,917
82,719,386	324,578,631	407,298,017	13,425,116	3,650,584	2,480,405
<u>\$ 93,521,188</u>	<u>\$ 339,595,957</u>	<u>\$ 433,117,145</u>	<u>\$ 8,003,375</u>	<u>\$ 4,003,109</u>	<u>\$ 2,505,322</u>

**Balance Sheet  
Governmental Funds**

**City of Manchester, New Hampshire  
June 30, 2005**

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 66,318,323	\$ 7,029,458	\$ 5,413,958	\$ 78,761,739
Restricted cash and cash equivalents	3,711,382	30,378,671	18,841,781	52,931,834
Investments	546,316		2,702,222	3,248,538
Receivables, net of allowances for collection losses	21,233,357	58,019	7,423,867	28,715,243
Prepaid items	1,271			1,271
Due from other funds	12,106,319	305,347	4,483	12,416,149
Inventories	709,034			709,034
Land held for resale	2,555,000		-	2,555,000
<b>Total Assets</b>	<b>\$ 107,181,002</b>	<b>\$ 37,771,495</b>	<b>\$ 34,386,311</b>	<b>\$ 179,338,808</b>
<b><u>Liabilities and Fund Equity</u></b>				
<b><u>Liabilities</u></b>				
Accounts and warrants payable	\$ 3,665,829	\$ 7,552,142	\$ 7,231,624	\$ 18,449,595
Retainage payable		247,515		247,515
Accrued liabilities	2,547,998	218,854	1,061,670	3,828,522
Insurance claims payable	835,000			835,000
Due to other funds		6,924,456	743,613	7,668,069
Due to Manchester School District	27,657,908	2,499,301		30,157,209
Unearned revenue	18,801,918		2,168,908	20,970,826
Taxes collected in advance	29,623,456			29,623,456
<b>Total Liabilities</b>	<b>83,132,109</b>	<b>17,442,268</b>	<b>11,205,815</b>	<b>111,780,192</b>
<b><u>Fund Equity</u></b>				
Fund balances				
Reserved for				
Encumbrances	1,342,259	6,320,139	1,178,265	8,840,663
Cemetery and other trust funds			14,281,573	14,281,573
Library			2,885,440	2,885,440
Inventory	709,034			709,034
Advances	1,743,447			1,743,447
Workers' compensation	2,388,525			2,388,525
Land held for resale	2,555,000			2,555,000
Designated for				
Health insurance	956,761			956,761
General liability insurance	1,079,644			1,079,644
Special revenue	2,052,686			2,052,686
Revenue stabilization	10,098,844			10,098,844
Unreserved, reported in:				
General fund	1,122,693			1,122,693
Capital projects		14,009,088		14,009,088
Special revenue			4,835,218	4,835,218
<b>Total Fund Equity</b>	<b>24,048,893</b>	<b>20,329,227</b>	<b>23,180,496</b>	<b>67,558,616</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 107,181,002</b>	<b>\$ 37,771,495</b>	<b>\$ 34,386,311</b>	

**Amounts reported for governmental activities in the statement of net assets are different because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<b>303,702,470</b>
Pension asset created in governmental activities is not a financial resource and, therefore, is not reported in the funds.	<b>16,317,877</b>
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	<b>2,357,600</b>
Long-term liabilities consisting of bonds payable are not due and payable in current period and, therefore, are not reported in the fund.	<b>(297,140,742)</b>
Long-term liabilities consisting of accruals and unearned revenues are not due and payable in the current period and, therefore, are not reported in the funds.	<b>725,367</b>
	<b>\$ 93,521,188</b>

See accompanying notes.

Statement of Revenues,  
Expenditures and Changes in Fund Balances (Deficit)  
Governmental Funds

City of Manchester, New Hampshire  
Year Ended June 30, 2005

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b><u>Revenues</u></b>				
Taxes	\$ 65,843,620			\$ 65,843,620
Federal and state grants and aid	9,111,635	-	\$ 11,536,329	20,647,964
Nonenterprise charges for sales and service	4,688,142		12,013	4,700,155
Licenses and permits	21,964,114			21,964,114
Interest	1,398,584	\$ 929,472	561,998	2,890,054
Contributions			109,069	109,069
Net loss on sale of securities			453,314	453,314
Other	11,859,982	252,719	1,539,547	13,652,248
<b>Total Revenues</b>	<b>114,866,077</b>	<b>1,182,191</b>	<b>14,212,270</b>	<b>130,260,538</b>
<b><u>Expenditures</u></b>				
Current:				
General government	21,652,439	78,402,429	9,367,994	109,422,862
Public safety	41,272,573	39,132	1,653,567	42,965,272
Health and sanitation	2,958,017		1,884,145	4,842,162
Highway and streets	22,185,782	4,530,200	2,043,552	28,759,534
Welfare	1,185,782		135,290	1,321,072
Education	2,461,374	871,878	97,482	3,430,734
Parks and recreation	3,435,608	4,893,539	612,886	8,942,033
Cemetery Trust			26,100	26,100
Investment management fee			30,823	30,823
Debt service:				
Principal retirement	9,832,097			9,832,097
Interest	7,721,471			7,721,471
<b>Total Expenditures</b>	<b>112,705,143</b>	<b>88,737,178</b>	<b>15,851,839</b>	<b>217,294,160</b>
<b>Excess (Deficiency) of revenues over expenditures</b>	<b>2,160,934</b>	<b>(87,554,987)</b>	<b>(1,639,569)</b>	<b>(87,033,622)</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Proceeds of refunding bonds	73,516,645			73,516,645
Payment to refunded bond escrow agent	(82,354,058)			(82,354,058)
Proceeds from premium of refunding bonds	10,059,239			10,059,239
Deferred cost of issuance	(1,087,631)			(1,087,631)
Transfers in	2,881,013		7,059,567	9,940,580
Transfers out	(6,192,711)	(850,000)	(2,890,953)	(9,933,664)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,177,503)</b>	<b>(850,000)</b>	<b>4,168,614</b>	<b>141,111</b>
<b>Net Change in Fund Balances</b>	<b>(1,016,569)</b>	<b>(88,404,987)</b>	<b>2,529,045</b>	<b>(86,892,511)</b>
<b>Fund Balance (Deficit), beginning</b>	<b>25,065,462</b>	<b>108,734,214</b>	<b>20,651,451</b>	<b>154,451,127</b>
<b>Fund Balance, ending</b>	<b>\$ 24,048,893</b>	<b>\$ 20,329,227</b>	<b>\$ 23,180,496</b>	<b>\$ 67,558,616</b>

See accompanying notes.

**CITY OF MANCHESTER, NEW HAMPSHIRE**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2005**

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds	\$ (86,892,511)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	87,663,917
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	41,120
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	9,834,947
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	154,329
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Change in net assets of governmental activities	<u>\$ 10,801,802</u>
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See accompanying notes.

General Fund  
Statement of Revenues, Expenditures and Changes  
in Fund Balances - Budget and Actual (Budget Basis)

City of Manchester, New Hampshire  
Year Ended June 30, 2005

	Original Budget	Revised Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Taxes	\$ 66,644,764	\$ 66,644,764	\$ 65,694,896	\$ (949,868)
Federal and state grants and aid	7,186,963	7,186,963	7,652,604	465,641
Nonenterprise charges for sales and services	4,713,767	4,713,767	4,688,142	(25,625)
Licenses and permits	22,191,988	22,191,988	21,964,114	(227,874)
Interest	1,000,000	1,000,000	1,398,585	398,585
Other	9,824,219	9,824,219	9,408,891	(415,328)
<b>Total Revenues</b>	<b>111,561,701</b>	<b>111,561,701</b>	<b>110,807,232</b>	<b>(754,469)</b>
<b><u>Expenditures</u></b>				
Current:				
General government	21,391,893	22,041,914	21,636,814	405,100
Public safety	40,305,905	39,937,454	39,897,277	40,177
Health and sanitation	3,253,176	3,183,162	2,953,622	229,540
Highway and streets	22,190,323	22,138,426	22,089,874	48,552
Welfare	1,247,067	1,222,126	1,203,254	18,872
Education	2,560,557	2,464,747	2,458,465	6,282
Parks and recreation	3,484,633	3,417,725	3,417,724	1
Debt service:				
Principal retirement	9,833,050	9,833,050	9,832,096	954
Interest	7,725,100	7,725,100	7,721,471	3,629
<b>Total Expenditures</b>	<b>111,991,704</b>	<b>111,963,704</b>	<b>111,210,597</b>	<b>753,107</b>
<b>Excess of revenues over expenditures</b>	<b>(430,003)</b>	<b>(402,003)</b>	<b>(403,365)</b>	<b>(1,362)</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	350,100	350,100	325,016	(25,084)
Transfers out	(1,901,665)	(1,929,665)	(1,911,665)	18,000
<b>Total Other Financing Sources (Uses)</b>	<b>(1,551,565)</b>	<b>(1,579,565)</b>	<b>(1,586,649)</b>	<b>(7,084)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (1,981,568)</b>	<b>\$ (1,981,568)</b>	<b>\$ (1,990,014)</b>	<b>\$ (8,446)</b>

See accompanying notes.

	Business-type Activities-Enterprise Funds				
	Water Works Fund	Major EPD Fund	Aviation Fund	Non-Major Funds	Total
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 2,618,678	\$ 13,521,239		\$ 350	\$ 16,140,267
Restricted cash and cash equivalents	17,688,903	787,210	\$ 51,653,407	-	70,129,520
Restricted investments			3,043,864	-	3,043,864
Receivables, net of allowances for collection losses	2,945,960	4,591,549	3,837,241	578,448	11,953,198
Prepaid items	439,342	32,202	511,492		983,036
Due from other funds				19,346	19,346
Inventories	737,130	65,559	145,394		948,083
Total current assets:	24,430,013	18,997,759	59,191,398	598,144	103,217,314
Noncurrent assets:					
Capital assets, net, where applicable, of accumulated depreciation	99,078,143	117,192,242	357,913,506	12,434,072	586,617,963
Deferred charges	877,552		1,842,088	52,619	2,772,259
Receivables		4,201,679			4,201,679
Other receivables		245,410			245,410
Total noncurrent assets:	99,955,695	121,639,331	359,755,594	12,486,691	593,837,311
<b>Total Assets</b>	<b>\$ 124,385,708</b>	<b>\$ 140,637,090</b>	<b>\$ 418,946,992</b>	<b>\$ 13,084,835</b>	<b>\$ 697,054,625</b>
<b>Liabilities</b>					
Current liabilities					
Accounts and warrants payable	\$ 818,188	\$ 1,215,661	\$ 2,077,545	\$ 634,297	\$ 4,745,691
Retainage payable	3,421,016	474,288	189,732		4,085,036
Accrued liabilities	1,281,000	1,560,024	9,391,821	175,213	12,408,058
Due to other funds				3,598,795	3,598,795
Unearned revenue		510	2,047	27,412	29,969
Bonds and notes payable	1,133,582	6,783,396	5,970,000	264,962	14,151,940
Compensated absences	1,096,400	342,789	290,255	206,341	1,935,785
Other	146,145				146,145
Total Current liabilities	7,896,331	10,376,668	17,921,400	4,907,020	41,101,419
Noncurrent liabilities					
Bonds payable	47,533,787	24,105,632	238,348,184	2,103,069	312,090,672
Due to State of New Hampshire	2,472,392	1,705,875			4,178,267
Other			88,310		88,310
Total Noncurrent liabilities	50,006,179	25,811,507	238,436,494	2,103,069	316,357,249
<b>Total Liabilities</b>	<b>57,902,510</b>	<b>36,188,175</b>	<b>256,357,894</b>	<b>7,010,089</b>	<b>357,458,668</b>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	55,498,511	84,597,340	128,644,890	10,066,041	278,806,782
Restricted	10,521,928		31,806,264		42,328,192
Unrestricted	462,759	19,851,575	2,137,944	(3,991,295)	18,460,983
<b>Total Net Assets</b>	<b>\$ 66,483,198</b>	<b>\$ 104,448,915</b>	<b>\$ 162,589,098</b>	<b>\$ 6,074,746</b>	<b>\$ 339,595,957</b>

See accompanying notes.

Proprietary Funds  
Combining Statement of Revenues, Expenses  
and Changes in Fund Net Assets

City of Manchester, New Hampshire  
Year Ended June 30, 2005

	Business-type Activities-Enterprise Funds				
	Major			Non-major Funds	Total
	Water Works Fund	EPD Fund	Aviation Fund		
<b><u>Operating Revenues</u></b>					
Charges for goods and services	\$ 13,497,270	\$ 11,053,377	\$ 39,723,591	\$ 2,292,636	\$ 66,566,874
Other			3,692,169	82,087	3,774,256
<b>Total Operating Revenues</b>	<b>13,497,270</b>	<b>11,053,377</b>	<b>43,415,760</b>	<b>2,374,723</b>	<b>70,341,130</b>
<b><u>Operating Expenses</u></b>					
Personnel services	5,348,952	2,822,939	5,643,416	1,613,630	15,428,937
Plant maintenance	184,107	1,269,663	525,721	61,499	2,040,990
Light/heat and power	975,934	2,223,589	2,356,338	294,506	5,850,367
General and administrative	2,491,626	457,204	16,312,889	282,397	19,544,116
Depreciation and amortization	2,069,785	4,748,112	16,115,588	634,362	23,567,847
<b>Total Operating Expenses</b>	<b>11,070,404</b>	<b>11,521,507</b>	<b>40,953,952</b>	<b>2,886,394</b>	<b>66,432,257</b>
<b>Operating Income (Loss)</b>	<b>2,426,866</b>	<b>(468,130)</b>	<b>2,461,808</b>	<b>(511,671)</b>	<b>3,908,873</b>
<b><u>Non-Operating Revenues (Expenses), net</u></b>					
Soundproofing program grant			3,229,750	-	3,229,750
Soundproofing program expense			(3,281,395)	-	(3,281,395)
Interest income	532,664	286,842	1,635,925	-	2,455,431
Interest expense	(2,262,868)	(882,010)	(12,804,499)	(156,815)	(16,106,192)
Reimbursements of bond interest expense		213,084		-	213,084
Finance and service charges	(127,864)	95,471	(793,029)	-	(825,422)
Passenger facility charges			5,961,820	-	5,961,820
Customer facility charges			2,280,031	-	2,280,031
Rent and other income	49,324			25,482	74,806
Donation of land		(167,778)		-	(167,778)
Gain (Loss) on disposal of capital assets	-	(2,821,285)		(34,902)	(2,856,187)
Transfer from general fund				18,000	18,000
<b>Total Non-operating Expenses</b>	<b>(1,808,744)</b>	<b>(3,275,676)</b>	<b>(3,771,397)</b>	<b>(148,235)</b>	<b>(9,004,052)</b>
Net income (loss) before capital contributions	618,122	(3,743,806)	(1,309,589)	(659,906)	(5,095,179)
Capital Contributions	2,451,261	2,844,455	13,914,058	902,731	20,112,505
<b>Change in Net Assets</b>	<b>3,069,383</b>	<b>(899,351)</b>	<b>12,604,469</b>	<b>242,825</b>	<b>15,017,326</b>
<b>Fund Net Assets (Deficit), beginning of year</b>	<b>63,413,815</b>	<b>105,348,266</b>	<b>149,984,629</b>	<b>5,831,921</b>	<b>324,578,631</b>
<b>Fund Net Assets, end of year</b>	<b>\$ 66,483,198</b>	<b>\$ 104,448,915</b>	<b>\$ 162,589,098</b>	<b>\$ 6,074,746</b>	<b>\$ 339,595,957</b>

See accompanying notes.

Proprietary Funds  
Statement of Cash Flows

City of Manchester, New Hampshire  
Year Ended June 30, 2005

	Business-type Activities-Enterprise Funds				Total
	Water Works Fund	Major EPD Fund	Aviation Fund	Non-Major Funds	
<b>Cash Flows from Operating Activities</b>					
Cash received from customers	\$ 13,113,144	\$ 10,978,303	\$ 43,171,724	\$ 1,927,035	\$ 69,190,206
Cash payments for goods and services	(4,134,574)	(3,989,060)	(20,271,123)	(100,572)	(28,495,329)
Cash payments to employees for services	(5,350,627)	(2,866,741)	(5,549,369)	(1,579,791)	(15,346,528)
Other operating revenues	49,324			25,482	74,806
<b>Net Cash Provided by Operating Activities</b>	<b>3,677,267</b>	<b>4,122,502</b>	<b>17,351,232</b>	<b>272,154</b>	<b>25,423,155</b>
<b>Cash Flows from Non-Capital and Related Financing Activities</b>					
Amounts from federal & state governments for soundproofing			3,229,750	-	3,229,750
Soundproofing related expenses			(3,281,395)	-	(3,281,395)
Passenger and customer facility charges			8,435,473	-	8,435,473
Interest paid on cash advances				(41,558)	(41,558)
Short-term cash advance from City				1,672,588	1,672,588
<b>Net Cash Provided by Non-Capital &amp; Related Financing Activities</b>	<b>-</b>	<b>-</b>	<b>8,383,828</b>	<b>1,631,030</b>	<b>10,014,858</b>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Proceeds from State of New Hampshire Revolving Fund	2,372,392	2,356,073		-	4,728,465
Reimbursement of bond interest expenses		232,682		-	232,682
Proceeds from general obligation refundings	115,997			67,357	183,354
Payment to escrow agent for general obligations refunded	(110,000)			(66,400)	(176,400)
Payments for State of New Hampshire liability	(398,373)	(5,599,897)		-	(5,998,270)
Principal paid on bonds and notes	(829,029)	(722,340)	(22,635,000)	(129,674)	(24,316,043)
Interest paid on bonds and notes	(2,262,868)	(971,065)	(12,893,629)	(116,816)	(16,244,378)
Contributed capital by federal, state & local governments	2,451,261	4,450,710	14,680,228	920,731	22,502,930
Acquisition and construction of capital assets	(16,456,956)	(9,380,301)	(10,665,728)	(3,246,477)	(39,749,462)
<b>Net Cash Used in Capital &amp; Related Financing Activities</b>	<b>(15,117,576)</b>	<b>(9,634,138)</b>	<b>(31,514,129)</b>	<b>(2,571,279)</b>	<b>(58,837,122)</b>
<b>Cash Flows from Investing Activities</b>					
Investment management fee	(63,744)			-	(63,744)
Interest and dividends from investments	551,763	370,170	1,635,925	-	2,557,858
<b>Net Cash Provided by Investing Activities</b>	<b>488,019</b>	<b>370,170</b>	<b>1,635,925</b>	<b>-</b>	<b>2,494,114</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(10,952,290)</b>	<b>(5,141,466)</b>	<b>(4,143,144)</b>	<b>(668,095)</b>	<b>(20,904,995)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>\$ 31,259,871</b>	<b>\$ 19,449,915</b>	<b>\$ 58,840,415</b>	<b>\$ 668,445</b>	<b>\$ 110,218,646</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 20,307,581</b>	<b>\$ 14,308,449</b>	<b>\$ 54,697,271</b>	<b>\$ 350</b>	<b>\$ 89,313,651</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>					
Operating income (loss)	\$ 2,426,866	\$ (468,130)	\$ 2,461,808	\$ (511,671)	\$ 3,908,873
Adjustments to reconcile operating income (loss) to cash provided by operating activities:					
Depreciation and amortization	2,069,785	4,748,112	16,115,588	634,362	23,567,847
Non-operating revenue	49,324			25,482	74,806
<b>Change in Assets and Liabilities</b>					
Increase in receivables	(384,127)	(128,530)	(117,049)	(437,226)	(1,066,932)
Increase in inventories	(7,690)	(43,649)	(31,179)	-	(82,518)
Increase in prepaid expenses and other assets	(48,149)	(14,302)	(75,492)	(21,884)	(159,827)
Increase (decrease) in accounts payable	252,017	(253,065)	(1,483,950)	571,336	(913,662)
Increase (decrease) in accrued liabilities	(679,084)	220,899	454,763	(11,622)	(15,044)
Increase (decrease) in compensated absences	(1,675)	61,167	153,729	33,839	247,060
Increase (decrease) in unearned revenue			(126,986)	8,884	(118,102)
Decrease in interfund liabilities				(19,346)	(19,346)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 3,677,267</b>	<b>\$ 4,122,502</b>	<b>\$ 17,351,232</b>	<b>\$ 272,154</b>	<b>\$ 25,423,155</b>

See accompanying notes.

**Fiduciary Funds**  
**Statement of Fiduciary Net Assets**

**City of Manchester, New Hampshire**  
**Year ended June 30, 2005**

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
<b><u>Assets</u></b>		
<b>Assets</b>		
Cash and cash equivalents	\$ 10,424,865	
Investments	113,454,627	
Receivables, net of allowances for collection losses	1,786,201	\$ 1,143,716
Other assets	8,300	
Capital assets, net, where applicable, of accumulated depreciation	171,928	
<b>Total Assets</b>	<b><u>\$ 125,845,921</u></b>	<b><u>\$ 1,143,716</u></b>
<b>Liabilities</b>		
Accounts and warrants payable	\$ 164,516	
Accrued liabilities	474,817	
Due to other funds		\$ 1,143,716
<b>Total Liabilities</b>	<b><u>639,333</u></b>	<b><u>1,143,716</u></b>
<b>Total Net Assets</b>	<b><u>\$ 125,206,588</u></b>	<b><u>\$ -</u></b>

See accompanying notes.

**Fiduciary Trusts**  
**Statement of Changes in Fiduciary Net Assets**

**City of Manchester New Hampshire**  
**Year Ended June 30, 2005**

	<u>Pension Trust Funds</u>
<b>Additions</b>	
Contributions	
Employer	\$ 3,915,053
Plan members	1,695,265
<b>Total Contributions</b>	<u>5,610,318</u>
Investment Gain	
Net realized and unrealized appreciation in fair value of investments	10,549,057
Interest	792,876
Dividends	1,249,771
Less investment expense	(422,072)
<b>Net Investment Income</b>	<u>12,169,632</u>
<b>Total Additions</b>	<u>17,779,950</u>
<b>Deductions</b>	
Benefits paid directly to participants	6,918,951
Refunds of employee contributions	200,559
Administrative expenses	792,162
<b>Total Deductions</b>	<u>7,911,672</u>
<b>Net Increase</b>	9,868,278
<b>Net Assets Held in Trust for Pension Benefits</b>	
Beginning of year	115,338,310
End of year	<u><u>\$ 125,206,588</u></u>

See accompanying notes.